

ANDRITZ Feed & Biofuel A/S

Glentevej 5-7, 6705 Esbjerg Ø

Company reg. no. 43 85 44 10

Annual report

1 January - 31 December 2023

The annual report was submitted and approved by the general meeting on the 29 May 2024.

Stefan Weber
Chairman of the meeting

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Notes:

- To ensure the greatest possible applicability of this document, IAS/IFRS English terminology has been used.
- Please note that decimal points have not been used in the usual English way. This means that for instance DKK 146.940 means the amount of DKK 146,940, and that 23,5 % means 23.5 %.

Management's statement

Today, the Board of Directors and the Executive Board have approved the annual report of ANDRITZ Feed & Biofuel A/S for the financial year 1 January - 31 December 2023.

The annual report has been prepared in accordance with the Danish Financial Statements Act.

We consider the chosen accounting policy to be appropriate, and in our opinion, the financial statements give a true and fair view of the financial position of the Company at 31 December 2023 and of the results of the Company's operations for the financial year 1 January – 31 December 2023.

Further, in our opinion, the Management's review gives a true and fair review of the matters discussed in the Management's review.

We recommend that the annual report be approved at the Annual General Meeting.

Esbjerg, 29 May 2024

Executive board

Stefan Weber

Shivakumar Chandrappa
Kuppenahalli

Board of directors

Dietmar Heinisser

Michael Rolf Lierau

Martin Schöberl

Dina Jensen

Anne-Emmanuelle Dominique
Bertelsen

Independent auditor's report

To the Shareholders of ANDRITZ Feed & Biofuel A/S

Opinion

We have audited the financial statements of ANDRITZ Feed & Biofuel A/S for the financial year 1 January - 31 December 2023, comprising income statement, balance sheet, statement of changes in equity and notes, including accounting policies. The financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the Company's assets, liabilities and financial position at 31 December 2023, and of the results of the Company's operations and cash flows for the financial year 1 January - 31 December 2023 in accordance with the Danish Financial Statements Act.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the financial statements" section of our report.

We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (IESBA Code) and the additional ethical requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Management's Responsibilities for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the Danish Financial Statements Act and for such internal control, that Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, Management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting in preparing the financial statements unless Management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Independent auditor's report

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance as to whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements in Denmark will always detect a material misstatement when it exists. Misstatements may arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of financial statement users made on the basis of these financial statements.

As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgement and maintain professional scepticism throughout the audit. We also

- identify and assess the risks of material misstatement of the company financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- evaluate the overall presentation, structure and contents of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Independent auditor's report

Statement on Management's Review

Management is responsible for the Management's Review.

Our opinion on the financial statements does not cover the Management's review, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the Management's review and, in doing so, consider whether the Management's review is materially inconsistent with the financial statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether the Management's review provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we conclude that the Management's review is in accordance with the financial statements and has been prepared in accordance with the requirements of the Danish Financial Statement Act. We did not identify any material misstatement of the Management's review.

Fredericia, 29 May 2024

KPMG P/S

State Authorized Public Accountant
Company reg. no. 25 57 81 98

Michael Lund Siegumfeldt

State Authorised Public Accountant
mne28662

Company information

The company

ANDRITZ Feed & Biofuel A/S

Glentevej 5-7

6705 Esbjerg Ø

Company reg. no. 43 85 44 10

Established: 8 September 1964

Domicile: Esbjerg

Financial year: 1 January 2023 - 31 December 2023

Board of directors

Dietmar Heinisser

Michael Rolf Lierau

Martin Schöberl

Dina Jensen

Anne-Emmanuelle Dominique Bertelsen

Executive board

Stefan Weber

Shivakumar Chandrappa Kuppenahalli

Auditors

KPMG P/S

Statsautoriseret revisionspartnerselskab

Vesterballevej 27, 2

7000 Fredericia

Financial highlights

DKK in thousands.	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Income statement:					
Revenue	554.002	564.180	377.749	404.612	397.796
Gross profit	74.941	69.594	51.664	51.096	27.396
Operating profit/loss	22.728	26.487	17.065	10.049	-30.057
Net financials	2.018	1.655	-3.405	-223	-3.108
Net profit or loss for the year	19.390	31.296	12.693	9.974	-30.313
Statement of financial position:					
Balance sheet total	389.347	332.737	288.591	239.449	262.874
Investments in property, plant and equipment	4.261	3.050	2.120	1.543	4.305
Equity	58.272	68.388	37.781	24.740	-15.034
Key figures in %:					
Gross margin ratio	13,5	12,3	13,7	12,6	6,9
Net margin	3,5	5,5	3,4	2,5	-7,6
Equity ratio	15,0	20,6	13,1	10,3	-5,7
Return on equity	30,6	59,0	40,6	205,5	-

Financial highlights are defined and calculated in accordance with the current version of "Recommendations & Ratios" issued by the Danish Society of Financial Analysts.

The key figures and ratios shown in the statement of financial highlights have been calculated as follows:

$$\text{Gross margin ratio} = \frac{\text{Gross profit} \times 100}{\text{Revenue}}$$

$$\text{Net Margin} = \frac{\text{Net profit or loss for the year} \times 100}{\text{Revenue}}$$

$$\text{Equity ratio} = \frac{\text{Equity, closing balance} \times 100}{\text{Total assets, closing balance}}$$

$$\text{Return on equity} = \frac{\text{Net profit or loss for the year} \times 100}{\text{Average equity}}$$

Management's review

Primary activities

ANDRITZ Feed & Biofuel A/S develops and supplies machines and process systems for the industrial production of animal feed, pet food, fish feed, biofuel and waste industry. This comprises unit equipment for grinding and mixing, expanding, pelleting, extruding, cooling, vacuum coating and drying, as well as complete feed mill and biofuel lines.

Profit/loss for the year in relation to expected developments

The annual revenue amounts to DKK 554,0 million against DKK 564,2 million previous year. The result amounts to a profit of DKK 19,4 million against a profit of DKK 31,3 million previous year. The result of the year is considered satisfactory by management as it confirms the business on a new level similar to the strong 2022 results. This despite that 2023 resulted in a minor reduction in revenue and profits and did not reach the ambitious budget targets. The reduction in profits can largely be explained by an unbudgeted R&D investment into establishing a new business segment.

The 2023 result against both budget 2023 and previous year was the consequence of a period with slightly reduced Capital Order intake and stable development in the Service Order intake.

2023 Capital Order intake saw a drop against the Capital Order intake 2022 of app. DKK 198 million. However, the 2022 Order intake was positively impacted by the largest project in the history of ANDRITZ Feed & Biofuel A/S. A project of this size is not to be expected each year and without consideration of this major project, the Capital Order intake in 2023 showed a small positive development in the base business compared to previous year.

The 2023 Service Order intake confirmed the strong business position established over the last years. The Service Order intake exceeded marginally the previous year Order intake, and slightly outperformed the 2023 budget numbers.

Despite a continued challenging global supply chain situation, resulting in fluctuating price levels and lead times, the business has shown a positive development on operational aspects related to performance from suppliers. This resulted into strong project delivery and performance towards customers. The business took measures to mitigate the risks of the changing supply chain circumstances which resulted ultimately in maintaining the profitability of the business at the same level as in 2022, with the exception of the R&D investment into a promising new business segment, which had been budgeted on ANDRITZ Group level and not within this legal entity.

Outlook

For the year 2024 the management remains a positive outlook of the companies result and the overall development of the company. The backlog for Capital Orders from 2023 will provide a strong foundation for revenue growth in 2024. With a strong project funnel, the Capital Order intake is expected to contribute to the continuous growth. On the Service side, the expectations remain, as in previous years, that the business will grow with market expectations. The existing backlog and forecasted order intake will, along with cost conscious approach and risk awareness, improve gross margins in the business and enable a strong 2024 financial result in terms of revenue, profits, and profitability.

Management's review

During 2023 the company decided to invest into a new business segment currently named "Alternative Protein Solutions". This investment will continue into 2024, where the first Order intake from this segment is also budgeted and should in the near to mid-term future be self-sustainable in terms of Order intake vs. investment.

As part of the overall growth journey within the ANDRITZ Feed & Biofuel Divisions a new dedicated Business Unit for Automation & Digitalization has been established to drive the deployment of existing ANDRITZ technology into the feed and biofuel industry. This is planned to equally drive new Order intake independently and to act as a differentiating factor in growing the Order intake for the Service and Capital business.

ANDRITZ Feed & Biofuel A/S remains a corner stone in the revised overall ANDRITZ Feed & Biofuel strategy, under which the division is aiming for an order intake of 1 billion EUR until the year 2030, shifting focus towards plant solutions, increasing activities related to Service and increasing the profitability within the area of both Capital and Service.

As such the company is raising the 2024 profit target for a result between 45-50 million DKK.

Events after the balance sheet date

No events have occurred after the balance sheet date to this date, which would influence the evaluation of this annual report.

Particular risks

Operations

The key operating risks relate to the time as well as the cost realization of our capital project completion. This is mitigated by means of structured management of all projects to complete all backlog projects within the revised project estimates and schedule.

Market risks

The key market risks relate to continued development of products and services to meet market requirements in our business segments. This is ensured through continues dialogue with key customers as well as continued improvement and development in relevant technological areas, including through research and development activities.

Currency exposure

The Company primarily invoices in DKK, EUR and USD. In accordance with the Company's monetary policy significant currency risks are covered at entering of forward contracts for the part that are not DKK or EUR related.

Interest risks

As the net interest-bearing debt is primarily provided through Group credit facilities, the company does not enter into transactions to hedge against interest rate exposure.

Management's review

Credit risks

According to the company's policy for assuming credit risks, all customers and business partners are credit rated regularly.

Research and development activities

The research and development activities of 2023 have been split in two key areas. First area is the earlier mentioned investment in Alternative Protein Solutions which focuses on establishing new technology and competences to establish ANDRITZ Feed & Biofuel in a new business segment. This investment will continue into 2024. The second area is concentrated on supporting the existing business segments and increasing the competitiveness of the product assortment and on cost reduction of the material cost of the existing product program.

Statutory report on corporate social responsibility

This section on corporate social responsibility is included in accordance with the Danish Financial Statements Act, § 99a.

Sustainability has always been an important part of ANDRITZ's corporate policy. Many areas like Health and Safety, compliance and environmental impact have already been covered very actively for years. In 2021, a global ANDRITZ strategy and target setting in the areas of ESG was developed and is being implemented since 2022 for ANDRITZ Feed and Biofuel A/S.

For a description of ANDRITZ Feed & Biofuel's business model, please see above under "Primary activities".

Health, Safety and Environment (HSE)

ANDRITZ Feed & Biofuel A/S pursues Zero accident strategy, ensuring Accident-Free environment with focus on "Safety First" and to develop a safety and environmental culture & awareness with zero accidents and a sustainable footprint.

Several HSE targets are already in place and the company is well on its way to achieve the mid-term targets set forth by the ANDRITZ Group. The company continues to improve the underlying business processes and had passed in 2023 the ISO14001 and ISO45001 audits to add those to the already implemented ISO9001 standard as well as strengthened the HSE organizational setup.

The ANDRITZ Group including ANDRITZ Feed & Biofuel A/S has in 2023 further increased the focus on sustainability and launched several initiatives to reduce the impact of the business on the environment. The initiatives include equally sustainable facility renovations as well as engaging the employees in activities benefitting the environment – this includes participating in the trash collection days and internal green idea campaigns.

The general HSE concept policy is:

- We will conduct our daily business while observing highest possible health & safety standards for all our employees, customers, and other business partners.
- We will conduct our daily business with a minimum harm to the environment.

Management's review

- We will proactively engage all our employees and other key stake holders in identifying, preserving as well as eliminate HSE risks.

The policies are implemented by:

- We identify the hazards created by our activities, such as employee safety and health risks and implement preventive control measures so far as reasonably practicable to minimize such risks.
- Effective health and safety management requires communication, co-ordination, and supervision including regular safety walks. We coordinate our health and safety activities with our partners and customers.
- Our executives set examples for good health and safety practice and promote health and safety awareness to all our employees, in support of this, we provide adequate resource and training. All employees and contract personnel must contribute to health and safety matters, observe health and safety instructions and use the safety equipment provided.
- We contribute to the stability of our business results by acting in compliance with health and safety legislation, minimizing risks to people, plants, and products and by being proactive in the prevention of accidents and incidents.

In 2023, the Accident Frequency Rate (AFR) with absence more than 1 day has been zero, meaning that 2023 was another year without any accidents and the company reached more than 2000 days without accidents. ANDRITZ Group including ANDRITZ Feed & Biofuel A/S continues to strengthen the physical work environment, procedural foundation and safety mindset of the people and company.

In 2024 we will continue with the work mentioned above and continuously look for further improvements to decrease our impact within the area of Health, Safety and Environment (HSE).

Recruitment, training and retainment

The business is largely based on the sale, execution and servicing of machines based on own technology and there is a constant requirement for attracting, developing, and retaining qualified employees. This is ensured through policies and procedures for Recruitment, Goal setting & Performance Evaluation, Succession Planning and Competency Development. The Performance Evaluation is an annual process to connect the past, present, and future by defining and agreeing on goals, job-specific competencies, and an individual development plan. The dialogue between manager and employee is to establish a common understanding about what is expected of the employee, what does good performance look like and how the employee can and should develop. The employee receives feedback, and career aspirations are being discussed. This ensures close alignment between manager and employee, and a continuous focus on individual development and learning. Individual development happens through on-the-job learning, e.g., with new tasks and projects, mentoring by more experienced colleagues, and actual training (e-learning and classroom training). All these measures are important for our employees to be able to perform even better in their roles and to prepare them for future tasks and opportunities. The focus on individual development is one key driver to ensure high engagement and job satisfaction amongst the employees, as well as a high business performance. This will eventually lead to less voluntary turnover and higher retention.

Management's review

Climate/environment

The company is aware that its business presents a risk to the climate/environment, which is addressed by continuously having focus on reducing the adverse impact on the environment when selecting materials, energy and other resources, technologies, and working processes.

The below standing actions have been implemented to mitigate identified risks within the area of climate/environment:

- Obtaining and maintaining the required permits and licenses and complying with the reporting requirements set forth therein.
- Endeavoring to avoid or reduce waste or emissions resulting from our business activities and disposing of waste in a legal and responsible manner.
- Installing an environmental management system (e.g., ISO 14001 or equivalent) at our worksites to make sure that measures are implemented to protect the environment and to be compliant in all processes concerned.
- Reporting any environmental incidents to the manager of the site where the incident occurred and, if necessary, to the applicable ANDRITZ business unit manager

In 2020 ANDRITZ Feed & Biofuel defined environmental goals to be reached before end of 2025, with 2019 as base:

- Reduce Green House Gas emissions (scope 1 and 2) by 50%
- Reduce water consumption by 10%
- Reduce waste consumption by 10%
- Increase share of use of green products by 50%

The above has for years been supported by an agreement with our electricity provider to buy only carbon neutral electricity from Wind Power, and the company continues to advocate for replacing company cars with electric cars, thereby reaching our target of 50% of the company cars to be to be plug-in hybrid or electric cars.

As part of ongoing and continues facility renovations the company focuses on implementing more sustainable solutions including modernization of toilets with water and electricity savings and in general new environmentally friendly LED systems.

As part of any R&D project the focus is on increasing the number of green products in the portfolio to offer more and more environmentally friendly products by reducing energy consumption and improving efficiency.

In 2024 we will continue with the work mentioned above and continuously look for further improvements to decrease our impact on the climate/environment.

Management's review

Human Rights

The company treats each other with respect, dignity, and fairness. This includes protecting human rights in the business activities and ensuring healthy working conditions in line with laws and internationally applicable standards. The company therefore endeavors to enhance compliance with best practices (such as those set forth by ILO, OECD Guidelines for Multinational Enterprises, UN Global Compact Initiative or the Global Reporting Initiative).

We have identified the primary risk within Human Rights to be related to Third parties located in other regions, based on difference in culture, legislation etc.

The below standing actions have been implemented to mitigate identified risks within the area of human rights:

- Not be complicit in human rights violations within our sphere of influence.
- Not practice any form of discrimination in hiring or employment practices on the grounds of race, color, ethnic origin, religion, nationality, gender, sexual orientation, age, physical ability, health condition, political or social opinion, union membership, or marital status or any other basis prohibited by applicable law.
- Not engage in or benefit from any form of forced or involuntary labor.
- Not engage in or benefit from any form of child labor.
- Recognize and respect the employees' right of free association and to collective bargaining.
- Ensure that the workplace is safe and contains no health hazards.
- Pay all workers at least the minimum wage required by law or applicable industry regulations.
- Ensure that employment conditions, including vacation, working time, and leave periods, are consistent with mandatory standard laws or applicable industry regulations.

In 2023, ANDRITZ Feed & Biofuel A/S has continued to board and train existing and new suppliers to ensure compliance with human rights requirements and currently 89% of our suppliers have been boarded – this is an increase of 7 % compared to 2022. It is mandatory for the employees to complete various eLearning programs covering basic compliance, Data protection, Preventing Fraud, our Code of Conduct and Ethics as well as Suppliers Code of Conduct and Ethics. The response rate related to code of conduct reached 100% in 2023, which is a testament to the company's commitment in this area.

In 2023 no violations to this policy were reported.

In 2024 we will continue with the work mentioned above and continuously look for further opportunities to positively impact the area of Human Rights.

Anti-corruption and bribery

The company is committed to conduct its business with integrity and in compliance with legal requirements by adhering to applicable laws and international standards of business ethics.

We have identified the primary risk within Anti-corruption and bribery to be related to Third parties located in other regions, based on difference in culture, legislation etc.

Management's review

The below standing actions have been implemented to mitigate our identified risks within the area of anti-corruption and bribery:

- We comply with all applicable laws and regulations in the countries where we conduct business.
- We do not engage in or tolerate any form of corruption, bribery, extortion, or embezzlement, in particular, we do not directly or indirectly engage in or tolerate any form of granting a payment or anything of value in favor of government officials and employees of business partners with the purpose of influencing decision-making in violation of the law. In particular, our acts are compliant with the principles set forth by OECD Convention on Combating Bribery of Foreign Public Officials in International Business Transactions and corresponding other local laws prohibiting bribery. This means that our employees, directors, and those acting on behalf of ANDRITZ do not offer, promise, give, or authorize any sort of bribe or kickback in order to obtain or retain business or any improper business advantage.
- We comply with antitrust and fair competition laws, in particular our employees, directors and those acting on behalf of ANDRITZ do not discuss topics that could violate, or appear to violate, competition laws by price-fixing; terms of sale; bid-rigging; division of markets, territories or customers; tying and bundling products; using deceptive trade practices; or abusing a dominant market position.
- We avoid conflicts of interest, in particular by disclosing any financial interest that an ANDRITZ employee may have in a supplier, and by not accepting or asking for, directly or indirectly, any benefit from a supplier of ANDRITZ with a view to granting business with ANDRITZ. We do not allow third parties and suppliers to influence or attempt to influence ANDRITZ employees or their family members by providing them with gifts, favors, entertainment, personal benefits, or preferential treatment that is beyond a modest and/or reasonable dimension and which cannot clearly be considered a culturally acceptable display of business manners or mere hospitality. Otherwise, no gift or favor shall be accepted that could be interpreted as being intended or is intended to influence the objective decision-making process by our employees, directors or those acting on behalf of ANDRITZ.
- We comply with insider trading rules. ANDRITZ AG is a publicly traded company on the Vienna Stock Exchange. While working with any company of the ANDRITZ Group, you may occasionally have access to non-public "inside" information about ANDRITZ and the companies with which we do business. If such non-public information about ANDRITZ or its business partners would be considered by a reasonable investor in deciding whether to buy, sell or hold stock of these companies, it is considered to be material non-public (or "insider") information. Buying or selling securities, such as stock or options, on the basis of insider information is a violation of the law on securities and is strictly prohibited. Disclosure of insider information is therefore prohibited, unless required by law (usually done in form of public announcements by the Group Management).

Management's review

- We do not engage in a political activity on behalf of ANDRITZ. We respect the right of each of us to participate in political activities; however, any decision to be involved in such activity is entirely a personal and voluntary one. At all times we must make it clear that our political views are our own personal views and not those of the Company. Strict limits on corporate political activity mean that employees may not make any direct or indirect political contribution on behalf of ANDRITZ or with company funds. In general, as a company, we do not engage in donations or sponsoring. Requests for exceptions for special cases will be directed to the ANDRITZ AG Executive Board for approval and must follow legal regulations.
- We will not be complicit in money laundering schemes. We need to remain alert with regard to payments relating to our business that come from unidentified sources or unrecognized bank accounts, or bank accounts unrelated to the paying party, or that are not aligned with amounts we are expecting to receive in payment.

In 2023, ANDRITZ Feed & Biofuel A/S has continued to board and train existing and new suppliers to ensure compliance with anti-corruption and bribery and currently 89% of our suppliers have been boarded – this is an increase of 7%. It is mandatory for the employees to complete various eLearning programs covering basic compliance, Data protection, Preventing Fraud, our Code of Conduct and Ethics as well as Suppliers Code of Conduct and Ethics.

In 2023 no violations to this policy were reported.

In 2024 we will continue with the work mentioned above and continuously look for further opportunities to positively impact the area of Anti-corruption and bribery.

More information on the ANDRITZ can be found on the group's homepage:

<https://www.andritz.com/resource/blob/25030/9c26fdd92880a7a1adda040484a05687/gr-code-ofbusiness-conduct-and-ethics-v01-en-data.pdf>

Statement of data ethics

This section on data ethics is included in accordance with the Danish Financial Statement Act, §99d. The processing of personal data is not a critical part of and neither closely linked to the company's business activities. As a B2B company with very few transactions with private customers, the company only processes personal data in respect of customers and suppliers to a very limited extent – and only for customer/supplier administration purposes. The processing of personal data mainly relates to the internal activities involving employees' personal data for HR administration purposes.

Thus, the company does not use data to track movements or consumer preferences of any private individuals, nor does the company use machine learning, AI or similar to profile customers, employees or other private individuals. Therefore, the company does not currently have a formal data ethics policy.

Management's review

Statutory report on the underrepresented gender

This section on the underrepresented gender is included in accordance with the Danish Financial Statements Act, § 99b.

ANDRITZ Feed & Biofuel A/S policy about diversity is laid out in the Code of Conduct. The company offers equal employment opportunities to qualified individuals, regardless of race, religion, national origin, age, sex, or disability, and works to maintain a diverse workforce where employees are hired, retained, compensated, developed, and promoted based on their contribution to our company and their performance.

The Board of Directors is composed of 5 members of which 3 are elected by the general assembly. It is the company's target to have both genders represented in the Board of Directors amongst the general assembly elected members. This was not achieved for 2023. The proportion of the underrepresented gender of the board members elected by the general assembly is therefore still 0% at 31.12.2023. The company is aiming to achieve a 33% representation of the underrepresented gender by the end of 2025. Our Board of Directors are elected by our parent company and therefore we have no influence in the selection of Board Members and this is the reason why our target has not yet been achieved. However, it will always be ensured that, regardless of gender, a board member has the necessary skills, and that election of board members is based on the skills that are needed. In 2023, 2 out of 2 of employee elected Board members were women.

The company has 38% (2022: 50%) representation of the underrepresented gender for the other management levels, based on 5 (2022: 6) women out of total 13 (2022: 12) managers, meaning that an equal distribution has been achieved for other management layers.

	2023
Top management body	
Total number of members	3
Underrepresented gender in %	0 %
Target figure in %	33 %
Year target figure is fulfilled	2025
Other management levels	
Total number of members	13
Underrepresented gender in %	38 %
Target figure in %	40 %
Year target figure is fulfilled	

Management's review

The company fully supports and encourages the appointment of women in all management positions, and this strong focus will continue. A strict equal opportunities policy is considered very important in the recruitment process and in the internal Succession Planning. In our efforts to promote female employees, the company will however refrain from any measures that would discriminate against male employees. The proportion of woman in the total workforce increased to 31,0% as of December 31, 2023 (2022: 26,7%).

In 2024 we will continue with the work mentioned above and continuously look for further improvements to promote diversity in the organization.

Income statement 1 January - 31 December

DKK thousand.

<u>Note</u>	<u>2023</u>	<u>2022</u>
1 Revenue	554.002	564.180
Production costs	<u>-479.061</u>	<u>-494.586</u>
Gross profit	74.941	69.594
Distribution costs	-40.891	-33.717
Administration expenses	-13.474	-11.770
Other operating income	<u>2.152</u>	<u>2.380</u>
Operating profit	22.728	26.487
4 Other financial income	6.788	4.302
5 Other financial expenses	<u>-4.770</u>	<u>-2.647</u>
Financing, net	<u>2.018</u>	<u>1.655</u>
Pre-tax net profit or loss	24.746	28.142
6 Tax on net profit or loss for the year	<u>-5.356</u>	<u>3.154</u>
7 Net profit or loss for the year	<u>19.390</u>	<u>31.296</u>

Balance sheet at 31 December

DKK thousand.

<u>Note</u>	<u>2023</u>	<u>2022</u>
Assets		
Non-current assets		
8 Acquired concessions, patents, licenses, trademarks, and similar rights	1.760	65
Total intangible assets	<u>1.760</u>	<u>65</u>
9 Land and buildings	26.152	27.650
9 Plant and machinery	406	777
9 Other fixtures, fittings, tools and equipment	5.290	4.042
9 Property, plant and equipment in progress and prepayments for property, plant and equipment	<u>567</u>	<u>0</u>
Total property, plant, and equipment	<u>32.415</u>	<u>32.469</u>
10 Other receivables	<u>10.404</u>	<u>11.826</u>
Total investments	<u>10.404</u>	<u>11.826</u>
Total non-current assets	<u>44.579</u>	<u>44.360</u>
Current assets		
Raw materials and consumables	65	56
Work in progress	5.917	19.698
Manufactured goods and goods for resale	63.921	62.437
Prepayments for goods	<u>2.123</u>	<u>7.286</u>
Total inventories	<u>72.026</u>	<u>89.477</u>
Trade receivables	33.765	14.735
11 Contract work in progress	1.874	23.477
Receivables from group enterprises	178.494	109.889
12 Deferred tax assets	332	5.826
13 Other receivables	7.566	3.901
14 Prepayments	<u>655</u>	<u>333</u>
Total receivables	<u>222.686</u>	<u>158.161</u>
Cash and cash equivalents	<u>50.056</u>	<u>40.739</u>
Total current assets	<u>344.768</u>	<u>288.377</u>
Total assets	<u>389.347</u>	<u>332.737</u>

Balance sheet at 31 December

DKK thousand.

Equity and liabilities			
<u>Note</u>		<u>2023</u>	<u>2022</u>
Equity			
	Contributed capital	11.002	11.002
	Revaluation reserve	18.187	18.944
	Retained earnings	9.083	8.442
	Proposed dividend for the financial year	20.000	30.000
	Total equity	58.272	68.388
Provisions			
15	Other provisions	9.773	12.003
	Total provisions	9.773	12.003
Liabilities other than provisions			
	Lease liabilities	3.149	2.136
16	Total long term liabilities other than provisions	3.149	2.136
16	Current portion of long term liabilities	1.505	1.236
	Prepayments received from customers	14.396	4.223
11	Prepayments received from customers for contract work in progress	167.083	128.553
	Trade payables	62.880	39.330
	Payables to group enterprises	49.346	52.258
	Income tax payable	0	588
17	Other payables	22.792	23.875
18	Deferred income	151	147
	Total short term liabilities other than provisions	318.153	250.210
	Total liabilities other than provisions	321.302	252.346
	Total equity and liabilities	389.347	332.737
2	Employee issues		
3	Fees for auditor		
19	Contingencies		
20	Related parties		

Statement of changes in equity

DKK thousand.

	Contributed capital	Revaluation reserve	Retained earnings	Proposed dividend for the financial year	Total
Equity 1					
January 2023	11.002	18.944	8.442	30.000	68.388
Reversal of prior valuations	0	-757	757	0	0
Distributed dividend	0	0	0	-30.000	-30.000
Retained earnings for the year	0	0	-610	20.000	19.390
Other entries on equity	0	0	633	0	633
Tax on entries on equity	0	0	-139	0	-139
	11.002	18.187	9.083	20.000	58.272

Notes

DKK thousand.

	<u>2023</u>	<u>2022</u>
1. Revenue		
Europe	376.254	314.564
Other world	<u>177.748</u>	<u>249.616</u>
	<u>554.002</u>	<u>564.180</u>

The distribution of revenue across business segments is, in accordance with the Danish Financial Statements Act section 96 (1), not disclosed, as information about this may cause material damage to the Company.

2. Employee issues		
Salaries and wages	94.349	81.293
Pension costs	6.879	5.197
Other costs for social security	<u>2.087</u>	<u>1.306</u>
	<u>103.315</u>	<u>87.796</u>
Executive board	3.284	3.736
Board of directors	<u>16</u>	<u>16</u>
Executive board and board of directors	<u>3.300</u>	<u>3.752</u>
Average number of employees	<u>137</u>	<u>123</u>

3. Fees for auditor

A statement of auditor's fees has not been elaborated in accordance with the Danish Financial Statements Act section 96(3).

4. Other financial income

Other interest income	922	73
Interest, group enterprises	2.144	358
Exchange differences	<u>3.722</u>	<u>3.871</u>
	<u>6.788</u>	<u>4.302</u>

Notes

DKK thousand.

	<u>2023</u>	<u>2022</u>
5. Other financial expenses		
Interest, group enterprises	158	694
Other financial expenses	648	456
Exchange differences	<u>3.964</u>	<u>1.497</u>
	<u>4.770</u>	<u>2.647</u>
6. Tax on net profit or loss for the year		
Tax on net profit or loss for the year	0	588
Adjustment of deferred tax for the year	<u>5.356</u>	<u>-3.742</u>
	<u>5.356</u>	<u>-3.154</u>
7. Proposed distribution of net profit		
Dividend for the financial year	20.000	30.000
Transferred to retained earnings	0	1.296
Allocated from retained earnings	<u>-610</u>	<u>0</u>
Total allocations and transfers	<u>19.390</u>	<u>31.296</u>

Notes

DKK thousand.

8. Intangible assets

	Concessions, patents, licenses, trademarks, and similar rights acquired
Cost 1. januar 2023	212
Additions during the year	<u>1.760</u>
Cost 31. december 2023	<u>1.972</u>
Depreciation and writedown 1. januar 2023	147
Depreciation for the year	<u>65</u>
Depreciation and writedown 31. december 2023	<u>212</u>
Carrying amount 31. december 2023	<u>1.760</u>

Notes

DKK thousand.

9. Property, plant, and equipment

	<u>Property</u>	<u>Plant and machinery</u>	<u>Other Fixtures and fittings, tools and equipment</u>	<u>Property, plant and equipment under construction including prepayments for property, plant and equipment</u>
Cost 1. januar 2023	44.699	10.681	11.025	0
Additions during the year	42	34	3.618	567
Disposals during the year	<u>0</u>	<u>0</u>	<u>-2.783</u>	<u>0</u>
Cost 31. december 2023	<u>44.741</u>	<u>10.715</u>	<u>11.860</u>	<u>567</u>
Revaluation 1. januar 2023	<u>31.400</u>	<u>0</u>	<u>0</u>	<u>0</u>
Revaluation 31. december 2023	<u>31.400</u>	<u>0</u>	<u>0</u>	<u>0</u>
Depreciation and writedown 1. januar 2023	48.449	9.904	6.983	0
Depreciation for the year	1.541	405	2.370	0
Reversal regarding disposals	<u>0</u>	<u>0</u>	<u>-2.783</u>	<u>0</u>
Depreciation and writedown 31. december 2023	<u>49.990</u>	<u>10.309</u>	<u>6.570</u>	<u>0</u>
Carrying amount 31. december 2023	<u>26.151</u>	<u>406</u>	<u>5.290</u>	<u>567</u>
Carrying amount without revaluations	<u>3.482</u>			
Carrying amount of leased assets	<u>639</u>	<u>225</u>	<u>4.048</u>	

Notes

DKK thousand.

	<u>31/12 2023</u>	<u>31/12 2022</u>
10. Other receivables		
Cost 1 January 2023	11.826	15.746
Disposals during the year	-1.461	-3.922
Exchange rate adjustment	39	2
Cost 31 December 2023	<u>10.404</u>	<u>11.826</u>
Carrying amount, 31 December 2023	<u>10.404</u>	<u>11.826</u>
It is specified as follows:		
Other receivables	<u>10.404</u>	<u>11.826</u>
	<u>10.404</u>	<u>11.826</u>
11. Contract work in progress		
Selling price of the production for the period	427.013	336.570
Progress billings	<u>-592.222</u>	<u>-441.646</u>
Contract work in progress, net	<u>-165.209</u>	<u>-105.076</u>
The following is recognised:		
Contract work in progress (current assets)	1.874	23.477
Contract work in progress (prepayments received on account)	<u>-167.083</u>	<u>-128.553</u>
	<u>-165.209</u>	<u>-105.076</u>
12. Deferred tax assets		
Deferred tax of the net profit or loss for the year	<u>332</u>	<u>5.826</u>
	<u>332</u>	<u>5.826</u>

Notes

DKK thousand.

	<u>31/12 2023</u>	<u>31/12 2022</u>
13. Other receivables		
Other receivables	934	716
VAT receivable	6.387	3.185
Derivative financial instruments	<u>245</u>	<u>0</u>
	<u>7.566</u>	<u>3.901</u>

14. Prepayments

Prepayments include advance payments regarding rent, IT-expenses regarding exhibitions, rentals etc.

15. Other provisions

Other provisions comprise expenses for warranty, claim regarding WIP and tax provisions.

16. Long term liabilities other than provisions

	<u>Total payables 31 Dec 2023</u>	<u>Current portion of long term payables</u>	<u>Long term payables 31 Dec 2023</u>	<u>Outstanding payables after 5 years</u>
Lease liabilities	<u>4.654</u>	<u>1.505</u>	<u>3.149</u>	<u>0</u>
	<u>4.654</u>	<u>1.505</u>	<u>3.149</u>	<u>0</u>

17. Other payables

VAT payable	546	1.041
Salaries, wages and bonus	9.330	6.808
Holiday pay obligations, salaried staff	5.054	4.418
Derivative financial instruments	0	388
Other cost payables	<u>7.862</u>	<u>11.220</u>
	<u>22.792</u>	<u>23.875</u>

18. Deferred income

Short-term deferred income include prepaid rental income.

Notes

DKK thousand.

19. Contingencies

Contingent liabilities

The Company is liable for guarantees in connection with projects in progress have been given at a total amount of:

EUR 20,243 k

In order to secure debtors in foreign currencies and future transactions for signed sale agreements the Company has entered into forward contracts. The market value of the forward contracts at the balance sheet date is positive by DKK 245 k, which has been taken to equity and been provided under other assets.

20. Related parties

Controlling interest

ANDRITZ AG, Stattegger Strasse 18, A-8045 Graz, Austria

Majority shareholder

Transactions

The Company has had the following transactions with related parties:

	<u>2023</u>	<u>2022</u>
Sale of goods to group entities	92.841	90.274
Purchase of goods from group entities	-205.421	-191.922
Sale of service to group entities	72.902	55.967
Purchase of service from group entities	<u>-91.646</u>	<u>-72.689</u>
Total	<u>-131.324</u>	<u>-118.370</u>

Receivables and payables to related entities are disclosed in the balance sheet, and interest income and expensed interest is disclosed in note 4 and 5.

Notes

DKK thousand.

Consolidated financial statements

Name and registered office of the Parent preparing consolidated financial statements for the largest group:

ANDRITZ AG, Austria

Name and registered office of the Parent preparing consolidated financial statements for the smallest group:

ANDRITZ AG, Austria

The group report for the foreign parent company can be ordered from the following address.

ANDRITZ AG, Stattegger Strasse 18, A-8045 Graz, Austria

Accounting policies

The annual report for ANDRITZ Feed & Biofuel A/S has been presented in accordance with the Danish Financial Statements Act regulations concerning reporting class C enterprises (large enterprises).

Pursuant to section 86 (4) of the Danish Financial Statements Act, no statement of cash flows for the enterprise has been prepared.

Recognition and measurement in general

Assets are recognised in the balance sheet when it is probable as a result of a prior event that future economic benefits will flow to the Entity, and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when the Entity has a legal or constructive obligation as a result of a prior event, and it is probable that future economic benefits will flow out of the Entity, and the value of the liability can be measured reliably.

On initial recognition, assets and liabilities are measured at cost. Measurement subsequent to initial recognition is effected as described below for each financial statement item.

Anticipated risks and losses that arise before the time of presentation of the annual report and that confirm or invalidate affairs and conditions existing at the balance sheet date are considered at recognition and measurement.

Income is recognised in the income statement when earned, whereas costs are recognised by the amounts attributable to this financial year.

Foreign currency translation

On initial recognition, foreign currency transactions are translated applying the exchange rate at the transaction date. Receivables, payables and other monetary items denominated in foreign currencies that have not been settled at the balance sheet date are translated using the exchange rate at the balance sheet date. Exchange differences that arise between the rate at the transaction date and the rate in effect at the payment date, or the rate at the balance sheet date are recognised in the income statement as financial income or financial expenses. Property, plant and equipment, intangible assets, inventories and other non-monetary assets that have been purchased in foreign currencies are translated using historical rates.

When recognising foreign subsidiaries and associates that are independent entities, the income statements are translated at average exchange rates for the months that do not significantly deviate from the rates at the transaction date. Balance sheet items are translated using the exchange rates at the balance sheet date. Exchange differences arising out of the translation of foreign subsidiaries' equity at the beginning of the year at the balance sheet date exchange rates as well as out of the translation of income statements from average rates to the exchange rates at the balance sheet date are classified directly as equity.

Exchange adjustments of outstanding accounts with independent foreign subsidiaries, which are considered part of the total investment in the subsidiary in question are classified directly as equity.

Accounting policies

When recognising foreign subsidiaries that are integral entities, monetary assets and liabilities are translated using the exchange rates at the balance sheet date. Non-monetary assets and liabilities are translated at the exchange rate at the time of acquisition or the time of any subsequent revaluation or write-down. The items of the income statement are translated at the average rates of the months; however, items deriving from non-monetary assets and liabilities are translated using the historical rates applicable to the relevant non-monetary items.

Derivative financial instruments

On initial recognition in the balance sheet, derivative financial instruments are measured at cost and subsequently at fair value. Derivative financial instruments are recognised under other receivables or other payables.

Changes in the fair value of derivative financial instruments classified as and complying with the requirements for hedging the fair value of a recognised asset or a recognised liability are recorded in the income statement together with changes in the value of the hedged asset or the hedged liability.

Changes in the fair value of derivative financial instruments classified as and complying with the requirements for hedging future transactions are recognised directly in equity. When the hedged transactions are realised, the accumulated changes are recognised as part of cost of the relevant financial statement items.

For derivative financial instruments that do not comply with the requirements for being treated as hedging instruments, changes in fair value are recognised currently in the income statement as financial income or financial expenses.

Income statement

Revenue

The Company has chosen to rely on IFRS 15 Revenue from contracts with customers as the basis of interpretation when recognising revenue.

Revenue from the sale of manufactured goods and goods for resale is recognised in the income statement when delivery is made and risk has passed to the buyer. Revenue from the sale of services is recognised in the income statement when delivery is made to the buyer. Revenue is recognised net of VAT, duties and sales discounts and is measured at fair value of the consideration fixed.

Contract work in progress is included in revenue based on the stage of completion so that revenue corresponds to the selling price of the work performed in the financial year (the percentage-of-completion method).

Accounting policies

Production costs

Production costs comprise expenses incurred to earn revenue for the financial year. Production costs comprise direct and indirect costs for raw materials and consumables, wages and salaries, rent and lease as well as amortisation, depreciation and impairment losses relating to property, plant and equipment included in the production process. In addition, the item includes ordinary writedown of inventories.

Also, provisions for loss on contract work in progress are recognised under production costs.

Distribution costs

Distribution costs comprise costs incurred for sale and distribution of the Entity's products, including wages and salaries for sales staff, advertising costs, travelling and entertainment expenses, etc as well as amortisation, depreciation and impairment losses relating to property, plant and equipment attached to the distribution process.

Administration expenses

Administrative costs comprise expenses incurred for the Entity's administrative functions, including wages and salaries for administrative staff and Management, stationery and office supplies as well as amortisation, depreciation and impairment losses relating to property, plant and equipment used for administration of the Entity.

Cost of sales

Cost of sales comprises costs concerning purchase of raw materials and consumables less discounts and changes in inventories.

Other operating income

Other operating income comprises income of a secondary nature as viewed in relation to the Entity's primary activities.

Financial income and expenses

Financial income comprises interest income including interest income on receivables from group enterprises, net capital gains on securities, payables and transactions in foreign currencies, amortisation of financial assets as well as tax relief under the Danish Tax Prepayment Scheme etc.

Financial expenses comprise interest expenses, including interest expenses on payables to group enterprises, net capital losses on securities, payables and transactions in foreign currencies, amortisation of financial liabilities, including financial leasing obligations as well as tax surcharge under the Danish Tax Prepayment Scheme etc.

Tax on net profit or loss for the year

Tax for the year, which consists of current tax for the year and changes in deferred tax, is recognised in the income statement by the portion attributable to the profit for the year and recognised directly in equity by the portion attributable to entries directly in equity.

Accounting policies

Balance sheet

Intangible assets

Concessions, patents, and licences

Concessions, patents and licenses are measured at cost less accrued amortisation. Patents are amortised on a straightline basis over the remaining patent period and licenses are amortised over the contract period, however, for a maximum of 10 years.

Profit and loss from the sale of concessions, patents, and licenses are measured as the difference between the sales price less sales costs and the carrying amount at the time of sale. Profit or loss are recognised in the income statement as other operating income or other operating expenses, respectively.

Property, plant, and equipment

Land and buildings, plant and machinery as well as other fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation and impairment losses. Land is not depreciated.

Revaluations of land and buildings are made on the basis of regular independent assesment of the fair value.

Cost comprises the acquisition price, costs directly attributable to the acquisition and preparation costs of the asset until the time when it is ready to be put into operation.

The basis of depreciation is cost less estimated residual value after the end of useful life. Straight-line depreciation is made on the basis of the following estimated useful lives of the assets:

	Useful life
Office Buildings	50 years
Factory Buildings	25 years
Building improvements	10 years
Plant and machinery	5 years
Other fixtures and fittings, tools and equipment	3-5 years

Estimated useful lives and residual values are reassessed annually.

Items of property, plant and equipment are written down to the lower of recoverable amount and carrying amount.

Property, plant, and equipment in progress

Property, plant, and equipment in progress are measured and recognised as the total costs incurred. When the work has been completed, the total value is transferred to the relevant item under property, plant, and equipment and is amortised from the date of entry into service.

Accounting policies

Leases

At their initial recognition in the statement of financial position, leases concerning property, plant, and equipment where the company holds all essential risks and advantages associated with the proprietary right (finance lease) are measured either at fair value of the asset being leased or at the present value of the future lease payments, whichever value is lower. When calculating the present value, the discount rate used is the internal rate of return of the lease or, alternatively, the borrowing rate of the enterprise. Hereafter, assets held under a finance lease are treated in the same way as other similar property, plant, and equipment.

The capitalised residual lease commitment is recognised in the statement of financial position as a liability other than provisions, and the interest part of the lease is recognised in the income statement for the term of the contract.

Impairment loss relating to non-current assets

The carrying amount of both intangible and tangible fixed assets as well as equity investment in group enterprise are subject to annual impairment tests in order to disclose any indications of impairment beyond those expressed by amortisation and depreciation respectively.

If indications of impairment are disclosed, impairment tests are carried out for each individual asset or group of assets, respectively. write-down for impairment is done to the recoverable amount if this value is lower than the carrying amount.

The recoverable amount is the higher value of value in use and selling price less expected selling cost. The value in use is calculated as the present value of the expected net cash flows from the use of the asset or the asset group and expected net cash flows from the sale of the asset or the asset group after the end of their useful life.

Previously recognised impairment losses are reversed when conditions for impairment no longer exist. Impairment relating to goodwill is not reversed.

Investments in group enterprise

Investments in group enterprises are recognised and measured according to the equity method. This means that investments are measured at the pro rata share of the enterprises' equity value plus or minus unrealised intra-group profits or losses.

Group enterprises with negative equity value are measured at DKK 0. Any receivables from these enterprises are written down to net realisable value based on a specific assessment. If the Parent has a legal or constructive obligation to cover the liabilities of the relevant enterprise, and it is probable that such obligation is imminent, a provision is recognised that is measured at present value of the costs deemed necessary to incur to settle the obligation.

Accounting policies

Upon distribution of profit or loss, net revaluation of investments in group enterprises is transferred to Reserve for net revaluation according to the equity method under equity.

Investments in group enterprises are written down to the lower of recoverable amount and carrying amount.

Inventories

Inventories are measured at cost on the basis of weighted measured average prices. In cases when the net realisable value is lower than the cost, the latter is written down for impairment to this lower value.

Cost consists of purchase price plus delivery costs. Cost of manufactured goods and work in progress consists of costs of raw materials, consumables, direct labour costs and indirect production costs.

Indirect production costs comprise indirect materials and labour costs, costs of maintenance of, depreciation of and impairment losses relating to machinery, factory buildings and equipment used in the manufacturing process as well as costs of factory administration and management. Finance costs are not included in cost.

The net realisable value of inventories is calculated as the estimated selling price less completion costs and costs incurred to execute sale.

Receivables

Receivables are measured at amortised cost, usually equalling nominal value less writedowns for bad and doubtful debts.

Contract work in progress

Contract work in progress is measured at the selling price of the work carried out at the balance sheet date.

The selling price is measured based on the stage of completion and the total estimated income from the individual contracts in progress. Usually, the stage of completion is determined as the ratio of actual to total budgeted consumption of resources.

If the selling price of a project in progress cannot be made up reliably, it is measured at the lower of costs incurred and net realisable value.

Each contract in progress is recognised in the balance sheet under receivables or liabilities other than provisions, depending on whether the net value, calculated as the selling price less prepayments received, is positive or negative.

Costs of sales work and of securing contracts as well as financing costs are recognised in the income statement as incurred.

Accounting policies

Prepayments

Prepayments comprise incurred costs relating to subsequent financial years. Prepayments are measured at cost.

Cash and cash equivalents

Cash comprises cash in hand and bank deposits.

Equity

Revaluation reserve

Revaluations of property less deferred tax are recognised under the revaluation reserve. The reserve is reduced when the value of revalued property is reduced due to depreciation. The reduction represents the difference between depreciation based on the revalued carrying amount of the property and depreciation based on the original cost of the property. The reserve is partly or totally dissolved on the sale of the property and reduced as a result of impairment loss on property.

Dividend

Dividend expected to be distributed for the year is recognised as a separate item under equity.

Income tax and deferred tax

Current tax receivables and tax liabilities are recognised in the statement of financial position with the amount calculated on the basis of the expected taxable income for the year adjusted for tax on previous years' taxable income and prepaid taxes. Tax receivables and tax liabilities are offset to the extent that a legal right of set-off exists and the items are expected to be settled net or simultaneously.

Deferred tax is tax on all temporary differences in the carrying amount and tax base of assets and liabilities measured on the basis of the planned application of the asset and disposal of the liability, respectively.

Deferred tax assets, including the tax value of tax losses eligible for carryforward, are recognised at their expected realisable value, either by settlement against tax of future earnings or by setoff in deferred tax liabilities within the same legal tax unit. Any deferred net tax assets are measured at net realisation value.

Deferred tax is measured on the basis of the tax rules and tax rates of applicable legislation at the reporting date and prevailing when the deferred tax is expected to be released as current tax.

Provisions

Provisions comprise expected expenses for warranty provisions, loss on contract work in progress etc.

Provisions for liabilities are recognized when the Company, as a consequence of a previous event, has legal or actual obligations, and when it is probable that fulfilment of the obligation will result in a usage of the Company's financial resources.

Accounting policies

Warranty provisions comprise obligations for improvement of jobs within the warranty period. The provisions for liabilities are measured and recognized with basis in the annual turnover.

Once it is probable that total costs will exceed total income from a contract in progress, provision is made for the total loss estimated to result from the relevant contract.

Liabilities other than provisions

Capitalised residual leasing liabilities associated with financial leasing contracts are recognised in the financial liabilities.

Other financial liabilities are measured at amortised cost, which usually corresponds to nominal value.

Accruals and deferred income

Deferred income comprises income received for recognition in subsequent financial years. Deferred income is measured at cost.